

Message Text

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73/70

ORIGIN EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-07 EUR-12 NEA-10 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 IO-11 PCH-02 /135 R

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ARA/ECP:ABERRY

AF/EPS:AJULLSON

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P R 112322Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY BOGOTA PRIORITY

AMEMBASSY SAN JOSE PRIORITY

AMEMBASSY QUITO PRIORITY

AMEMBASSY SAN SALVADOR PRIORITY

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AMEMBASSY JAKARTA PRIORITY

AMEMBASSY NEW DELHI PRIORITY

AMEMBASSY YAOUNDE PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY GUATEMALA BY POUCH

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C O R R E C T E D C O P Y (GARBLES THROUGHOUT)

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: CONGRESSIONAL HEARINGS ON COFFEE PRICE INCREASES

1. THERE IS GROWING PUBLIC CONCERN IN THE UNITED STATES OVER THE RECENT INCREASES IN COFFEE PRICES ASSOCIATED WITH THE FROST IN BRAZIL, THE WAR IN ANGOLA, THE RAINS IN COLOMBIA, AND THE EARTHQUAKE IN GUATEMALA. U.S. RETAIL COFFEE PRICES IN DECEMBER 1975 WERE DOLS 2.48 PER POUND FOR A REGULAR ONE POUND CAN, AND FURTHER INCREASES HAVE BEEN ANNOUNCED. CONGRESSMAN JOSEPH VIGORITO, CHAIRMAN OF THE SUBCOMMITTEE ON DOMESTIC MARKETING, HAS ANNOUNCED HEARINGS TO BE HELD MARCH 16-18 ON THE CAUSES OF THE RECENT PRICE INCREASES. HE IS PARTICULARLY CONCERNED THAT THERE MAY HAVE BEEN ATTEMPTS BY COFFEE PRODUCING NATIONS OR DOMESTIC BROKERS TO TAKE ADVANTAGE OF THE TIGHT SUPPLY OUTLOOK CAUSED BY THE FROST. THE HEARINGS COME AT A PARTICULARLY SENSITIVE TIME AS THE EXECUTIVE AGENCIES ARE COMPLETING THEIR REVIEW OF THE NEW COFFEE AGREEMENT AND IF APPROVED THE AGREEMENT WOULD BE SUBMITTED TO THE SENATE FOR RATIFICATION IN EARLY SPRING. THE STATE DEPT HAS BEEN INVITED TO TESTIFY AT THE HEARINGS AND IT IS ESSENTIAL THE DEPT HAVE CURRENT INFORMATION ON DEVELOPMENTS IN COFFEE PRODUCING COUNTRIES.

2. THE DEPT WOULD APPRECIATE CURRENT INFORMATION ON THE FOLLOWING TOPICS IN ORDER TO PREPARE CONGRESSIONAL TESTIMONY.

(A) INTERNAL RETAIL PRICE OF COFFEE IN DOLLARS PER POUND, AND CHANGES FROM PRE-FROST LEVELS. THIS MAY BE A PRICE FIXED BY THE GOVERNMENT OR REQUIRE A QUICK SURVEY OF RETAIL OUTLETS.

(B) IF AVAILABLE, DOLLAR PRICES PAID BY DOMESTIC COFFEE LIMITED OFFICIAL USE

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ROASTERS OR PROCESSORS AND CHANGES FROM EARLIER LEVELS.

(C) GOVERNMENT MEASURES THAT RESTRICT OR ENCOURAGE EXPORTS AND ANY CHANGES FROM PRE-FROST POLICIES.

(D) PRICES PAID TO COFFEE PRODUCERS, PRE-FROST AND POST-FROST.

(E) A QUICK SURVEY ON NEW GOVERNMENT MEASURES SINCE THE FROST TO ENCOURAGE COFFEE PRODUCTION SUCH AS MORE LIBERAL CREDIT TO FARMERS AND EASIER ACCESS TO FERTILIZERS.

3. DEPT REALIZES SOME POSTS HAVE PREVIOUSLY REPORTED ON SOME OF THESE TOPICS. WE WOULD APPRECIATE A REPLY BY MARCH 1 TO ALLOW TIME FOR PREPARATION OF TESTIMONY. POSTS ARE URGED TO CONTINUE REPORTING ON NEW DEVELOPMENTS IN LOCAL COFFEE POLICIES AS THEY OCCUR.

4. FOR NAIROBI: PLEASE REPORT AVAILABLE INFORMATION ON UGANDA. KISSINGER

NOTE BY OC/T: POUCHED TO GUATEMALA.

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